

INPUT

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Fax (44) (071) 629-0179

FAX TRANSMITTAL FORM

DESTINATION: INPUT MV

FAX NUMBER: 0101 415 961 3966

ATTENTION: ANDREA JERS

NUMBER OF PAGES: 1 of 5

CONFIDENTIAL CORRESPONDENCE: Yes _____ No ✓

URGENT: Yes ✓ No _____ 5 hardcopies sent 12/13

DESCRIPTION:

Andrea, 1) Confirm Go ahead and print CE-PRO

2) 4 slides for correction plus
1 additional - as discussed.

PLEASE TRY FOR HARD COPY DHL

14/12. UPDATED 35 mill slides
CAN BE EARLY JAN

PROJECT CODE FOR THIS IS

CE-SMO. (NOT CE-PRO, MY MISTAKE)

Thanks & Best regards

Cl

FROM: Ken CARTER

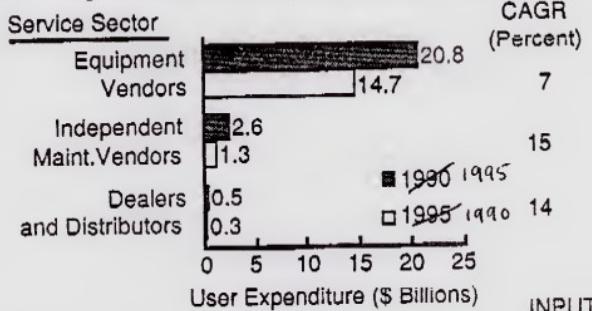
DATE: 13 DECEMBER 1990

INPUT: _____

Project Charge Code: CE CSP

WESTERN EUROPE

Customer Services Market Growth by Vendor Type 1990-1995



Notes

EDWARD D. JONES

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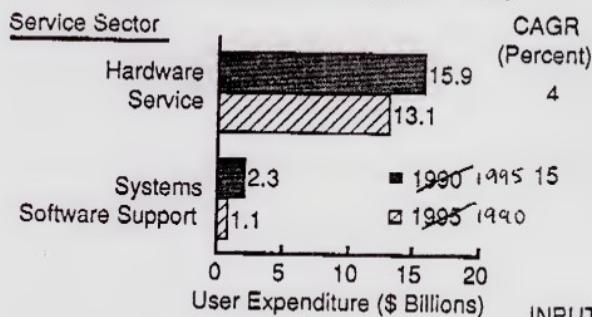
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WESTERN EUROPE
Customer Services Market Service
Sector Growth 1990-1995



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CEPRO-28

Notes

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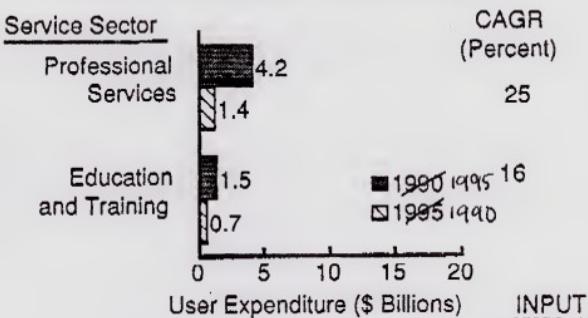
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WESTERN EUROPE

Customer Services Market Service Sector Growth 1990-1995



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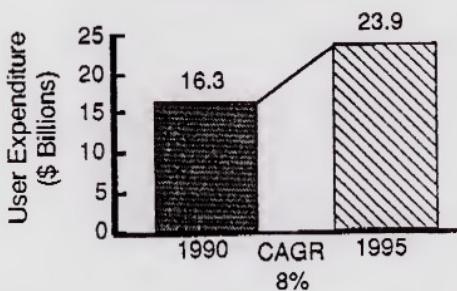
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WESTERN EUROPE
Customer Services Market Growth

1990-1995

1989 = \$15.1 Billion



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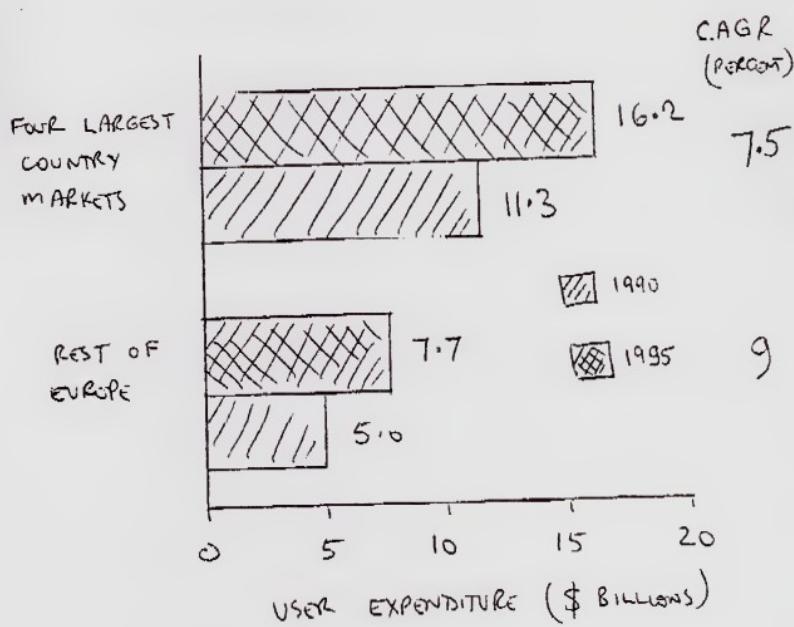
Notes

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EXHIBIT II - 6
WESTERN EUROPE
CUSTOMER SERVICES MARKET
COUNTRY MARKET GROWTH 1990 - 1995





Dear Andrea

Client Meeting - 6 December 1990

For this meeting, please prepare 30 handouts. For the first presentation, please do a copy of the executive overview of CE-PRO. The second presentation will be on CE-SMO which Ken has not quite completed. The presentation will only consist of about 6 slides and we will get them to you by Wednesday.

At the front of the binder, please put:

INPUT client meeting

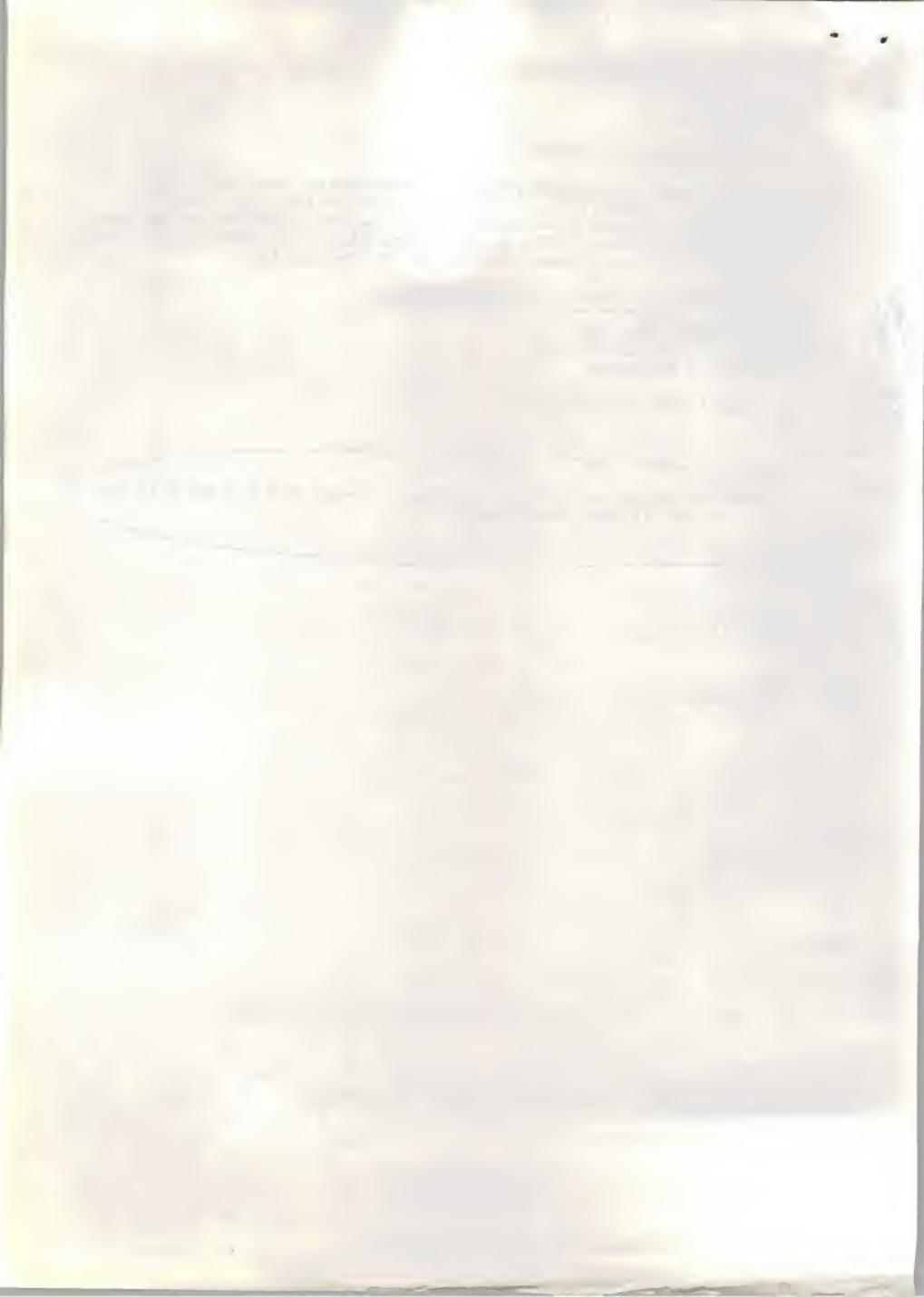
Thursday 6 December

The Institute of Directors

Please run off a set of 35mm slides for each and aim to ship the whole lot by Friday 30 November

Thank you

Carol
23 November



INPUT Client Meeting

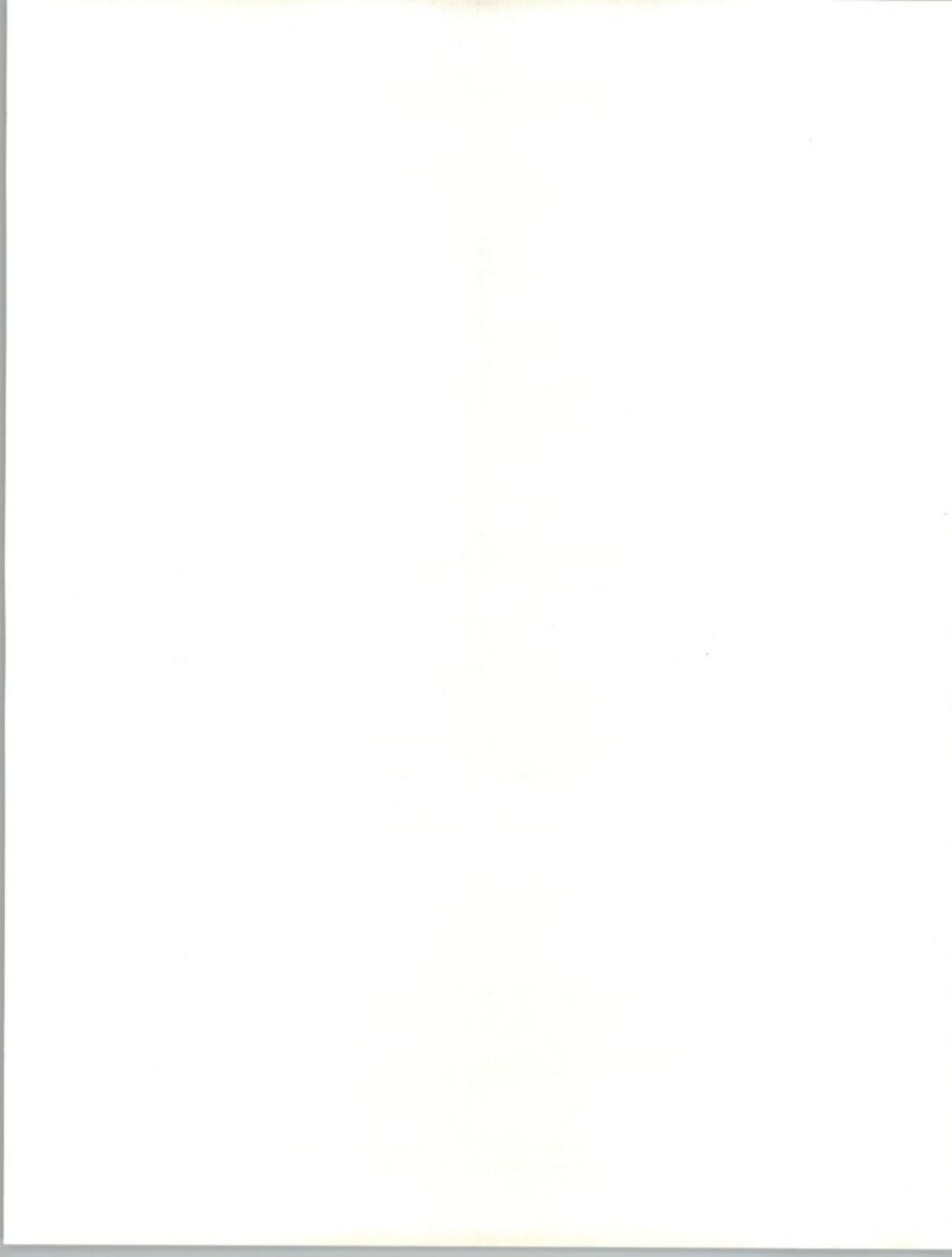
Thursday 6 December

The Institute of Directors

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Telephone: 071-493 9335



Changing Market

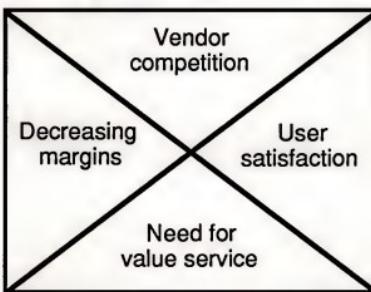
- Transitional phase
- Vendors losing market share
- User requirement for value
- Vendor need for adaptation

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Pricing Environment



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Notes



Key Pricing Issues

- Vendor competition
- Decreasing maintenance margins
- Slowing growth of maintenance revenues

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Notes



Balancing Act

- User requirement for cost savings
- Vendor need to be competitive
- User need for quality service
- Vendor need for service revenue and margins



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Key Vendor Challenges

- Reduce reliance on maintenance
- Maintain margins
- Enhance value of service

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Notes



Vendor Opportunities

- Flexible solutions
- Inflation-level price increases
- Other services

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Notes



Users Claim Service Too Expensive

1. Price exceeds value received
2. Reliability of equipment not reflected in service price
3. Insufficient vendor resources

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Divided User Opinions

Service prices will continue to rise
by at least inflation levels



Service prices will decrease

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CESMO- 8

Notes



User Requirement for Improved Value

1. Demonstrate ability to provide service
2. Sell concept of value
3. Improve knowledge of users' business needs

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Notes



Higher Quality—Higher Price?

Some users say "yes" if extra service is needed



Other users say "no"—existing high prices should provide quality

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Notes



Vendor Pricing Pressures

Competition

User requirement
for value

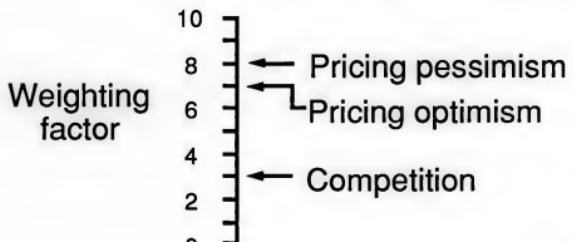


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Key Vendor Issues and Trends—Hardware Service

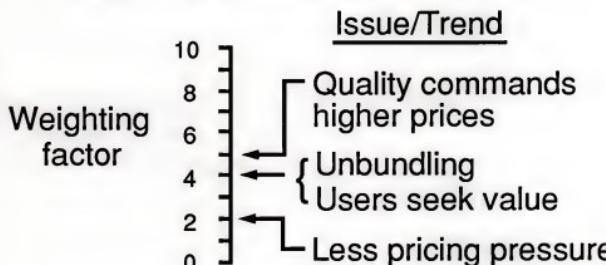


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Notes



Key Vendor Issues and Trends Systems Software Support

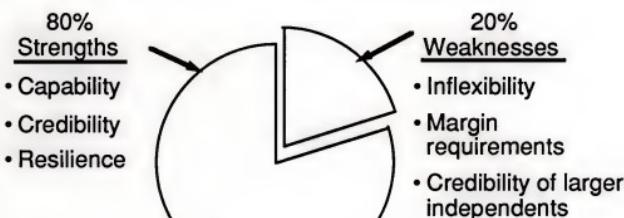


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Notes



Vendor Competitive Balance

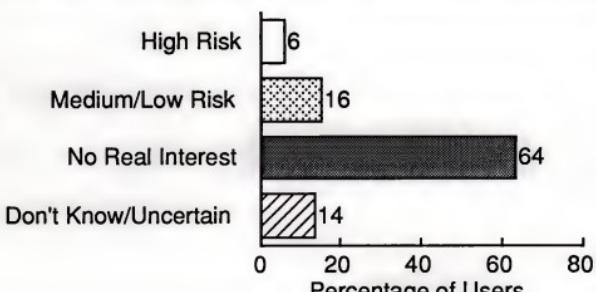


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Notes



Risk from Independent Maintenance



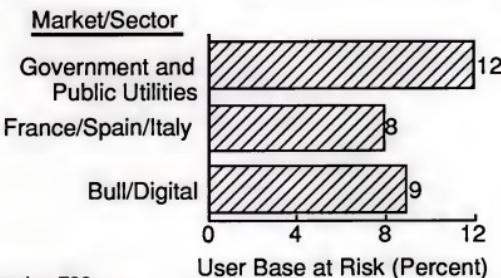
Sample size: 732

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Notes



Independent Maintenance Penetration—High-Risk Sectors



Total sample: 732

Source of data: INPUT 1990 User Survey

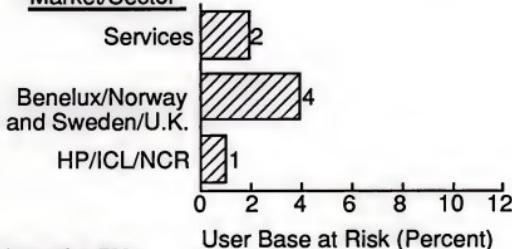
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Notes



Independent Maintenance Penetration—Low Risk Sectors

Market/Sector



Total sample: 732

Source of data: INPUT 1990 User Survey

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Notes



Changing Vendor Strategies

Current

Entrenchment

Competitive
reaction

Future

Recover
initiative

Service
solutions

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Notes



Service Vendor Differentiation

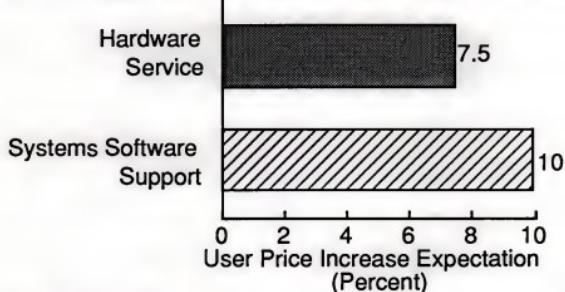
1. Quality more important than price
2. Country markets—significant differentiation
3. Other market sectors—little differentiation

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Notes



Future User Price Increase Expectation—Western Europe Overall



Variables: Countries; industry sectors; inflation

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Vendor Pricing Opportunities

Country/Sector/ Vendor	User Expectation Percent Above Inflation	Pricing Satisfaction
Benelux/Spain	100	1.0 to 1.5
Insurance/Distribution/ Banking and Finance	60 - 80	1.2 to 1.5
HP/IBM	45 - 70	1.5

Total sample: 732

Source of data: INPUT 1990 User Survey

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Notes



Vendor Pricing Risks

Country/Sector/ Vendor	User Expectation Percent Above Inflation	Pricing Satisfaction
France/Germany	70 -100	2.0 to 3.0
Mfg./Trans./ Gov., Pub. Utilities	40 - 60	2.0
Digital/NCR	30 -60	2.0

Total sample: 732

Source of data: INPUT 1990 User Survey

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Notes



Recommendations for Vendors

- Focus on pricing strategy
- Enhance service value
- Service solutions
- Marketing



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Notes



Western European Customer Services Market 1990-1995

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Notes



Customer Services Market in the 1990s

- Maintenance growth below inflation
- Independent vendors increasing market share
- Competitive pressure
- Potential for long term growth

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Notes



Customer Services Market

- Hardware maintenance
- Systems software support
- Professional services
- Training and education

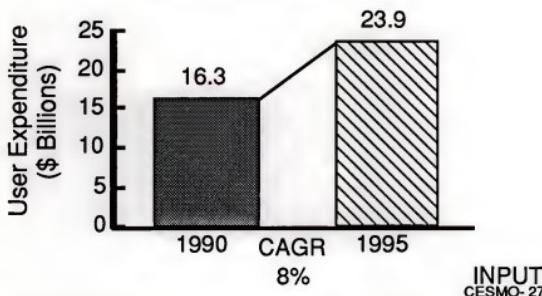
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Notes



W. Europe Customer Services Market Growth, 1990-1995

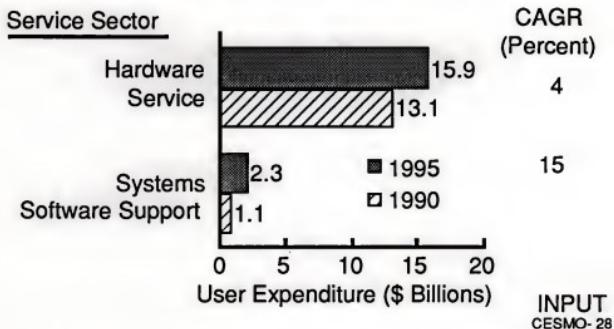
1989=\$15.1 Billion



Notes



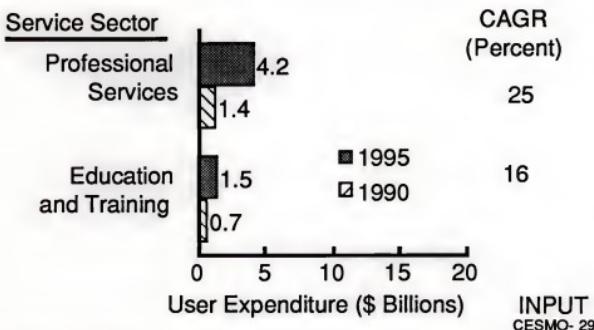
W. Europe Customer Services Market Service Sector Growth 1990-1995



Notes



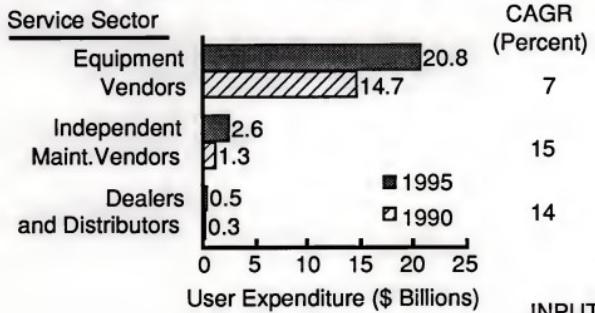
W. Europe Customer Services Market Service Sector Growth 1990-1995



Notes



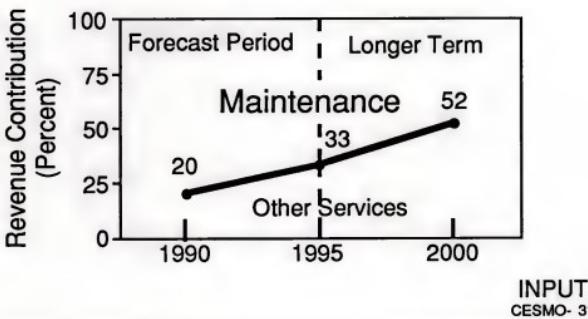
W. Europe Customer Services Market Growth by Vendor Type 1990-1995



Notes



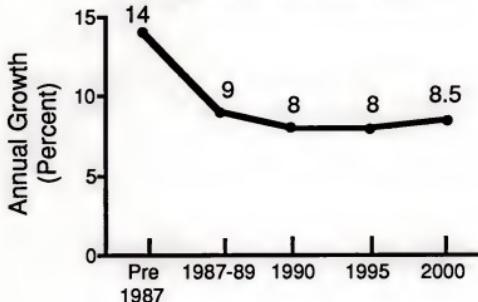
Customer Services Changing Emphasis



Notes



Customer Services Market Long-Term Growth

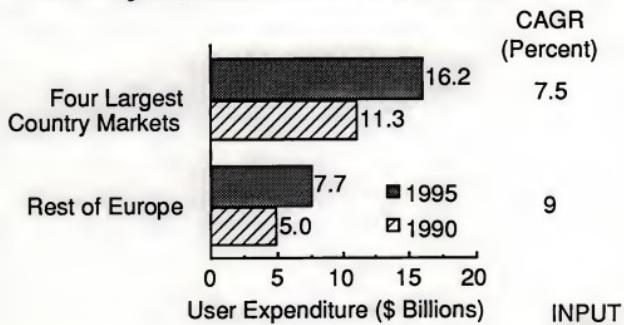


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Notes



W. Europe Customer Services Market Country Market Growth, 1990-1995



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CESMO- 33

Notes



About INPUT

INPUT provides planning information, analysis, and recommendations to managers and executives in the information processing industries. Through market research, technology forecasting, and competitive analysis, INPUT supports client management in making informed decisions.

Continuous-information advisory services, proprietary research/consulting, merger/acquisition assistance, and multiclient studies are provided to users and vendors of information systems and services (software, processing services, turnkey systems, systems integration, professional services, communications, systems/software maintenance and support).

Many of INPUT's professional staff members have more than 20 years' experience in their areas of specialisation. Most have held senior management positions in operations, marketing, or planning. This expertise enables INPUT to supply practical solutions to complex business problems.

Formed as a privately held corporation in 1974, INPUT has become a leading international research and consulting firm. Clients include more than 100 of the world's largest and most technically advanced companies.

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INPUTPiccadilly House, 33/37 Regent Street, London SW1Y 4NF Tel. (44) (071) 493-9335
Fax (44) (071) 629-0179FAX TRANSMITTAL FORMDESTINATION: INPUT MVFAX NUMBER: 0101 415 961 3966ATTENTION: ANDREA JERUSNUMBER OF PAGES: 1 of 10CONFIDENTIAL CORRESPONDENCE: Yes _____ No ✓URGENT: Yes ✓ No _____DESCRIPTION:

ANDREA, SLIDES (35 mm) REQUIRED
FOR CLIENT MEETING ON 6 DECEMBER.
SORRY ABOUT SHORT TIME SCALE, BEEN
BURNING MIDNIGHT U/L.

ASSOCIATED REPORT IS CE-PRO.

MANY THANKS FOR YOUR HELP

Best Regards K

PS. HARD COPY SHOULD ALSO GO IN
HAND OUT.

FROM: KEN CARTERDATE: 29 NOVEMBER 1990

INPUT: _____

Project Charge Code: C5 CSP.

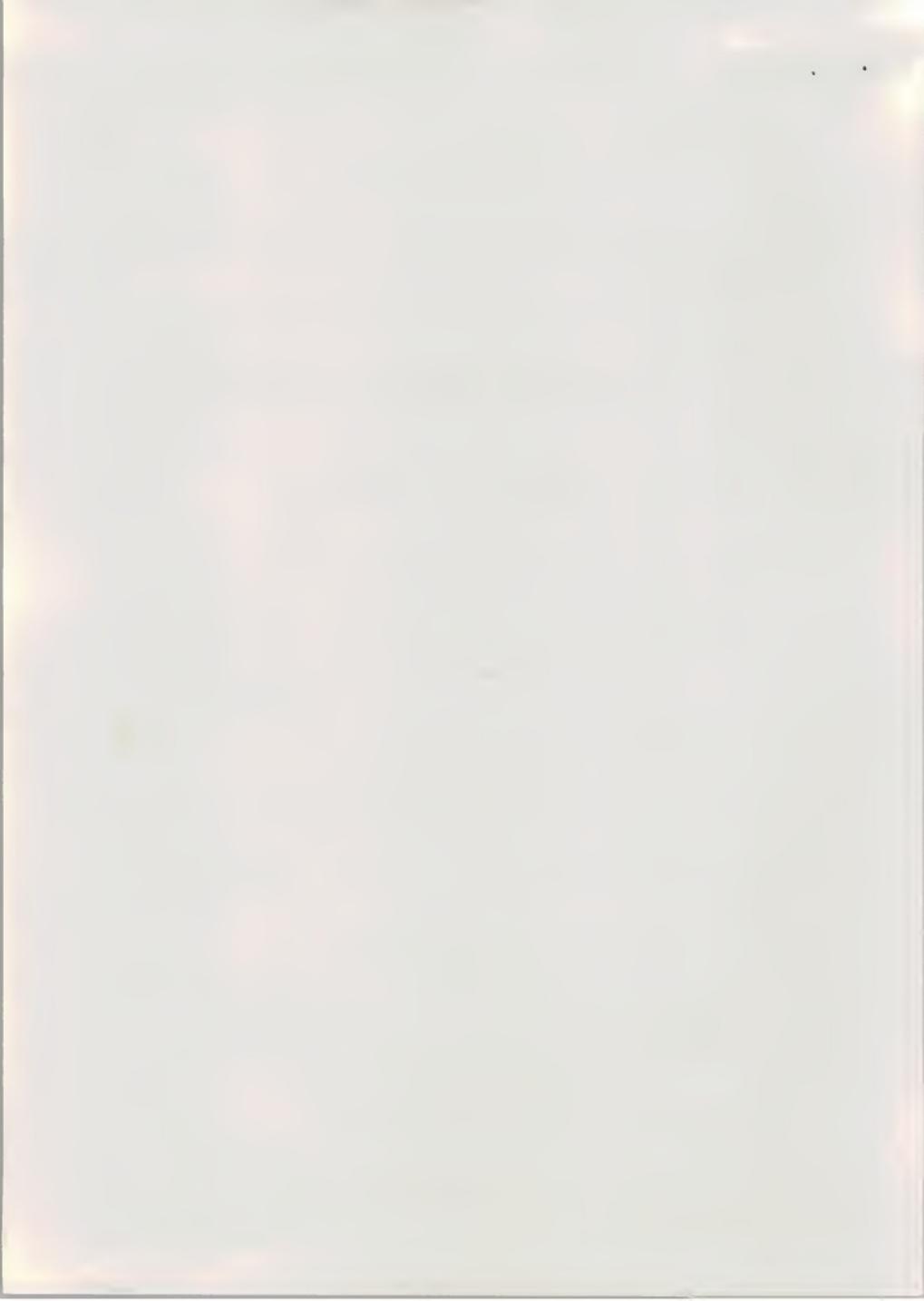


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CUSTOMER SERVICES MARKET

1990 - 1995

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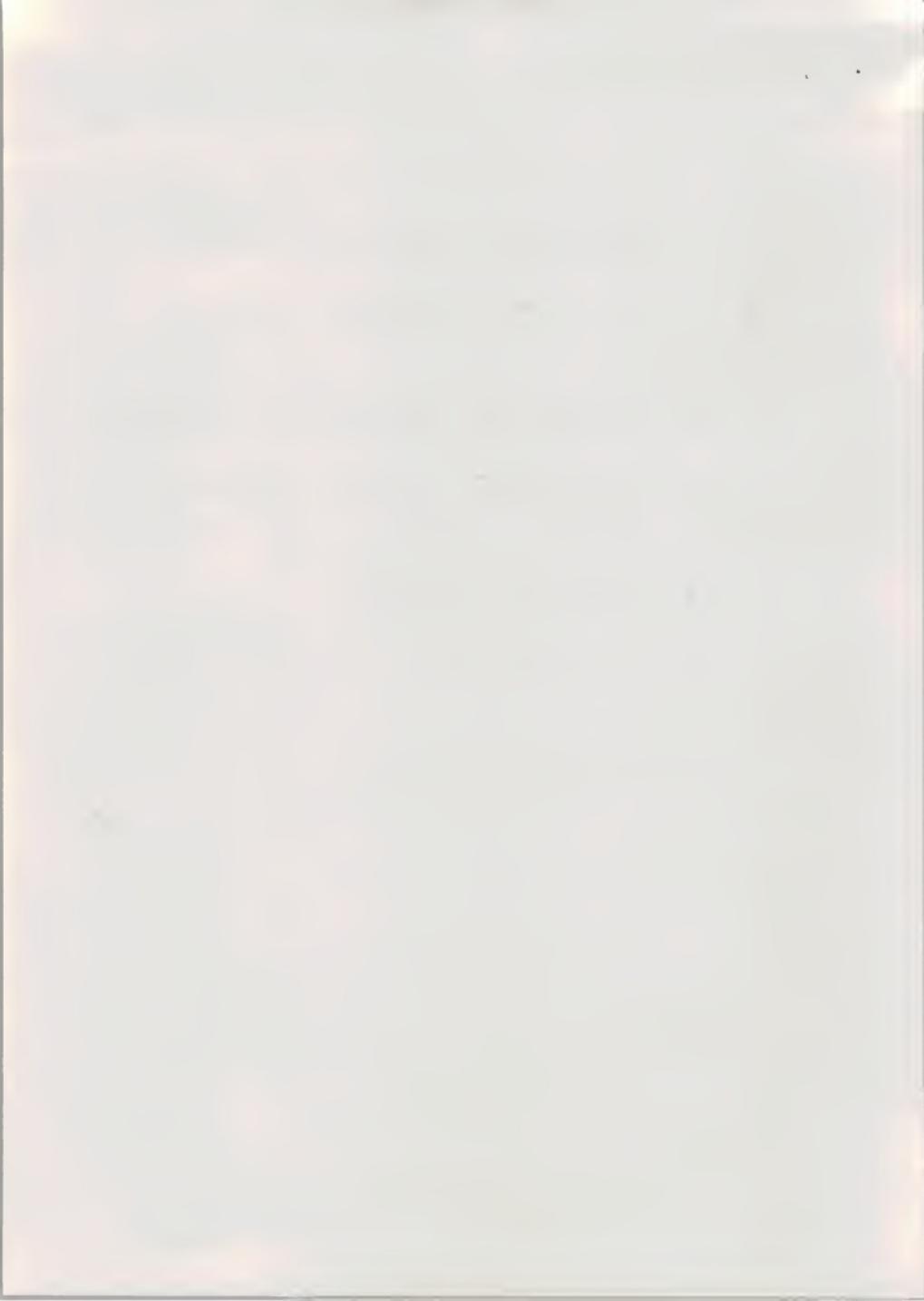


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CUSTOMER SERVICES MARKET IN THE 1990's

- MAINTENANCE GROWTH BELOW INFLATION
- INDEPENDENT VENDORS INCREASING MARKET SHARE
- COMPETITIVE PRESSURE
- POTENTIAL FOR LONG TERM GROWTH

25



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CUSTOMER SERVICES MARKET

- HARDWARE MAINTENANCE
- SYSTEMS SOFTWARE SUPPORT
- PROFESSIONAL SERVICES
- TRAINING AND EDUCATION

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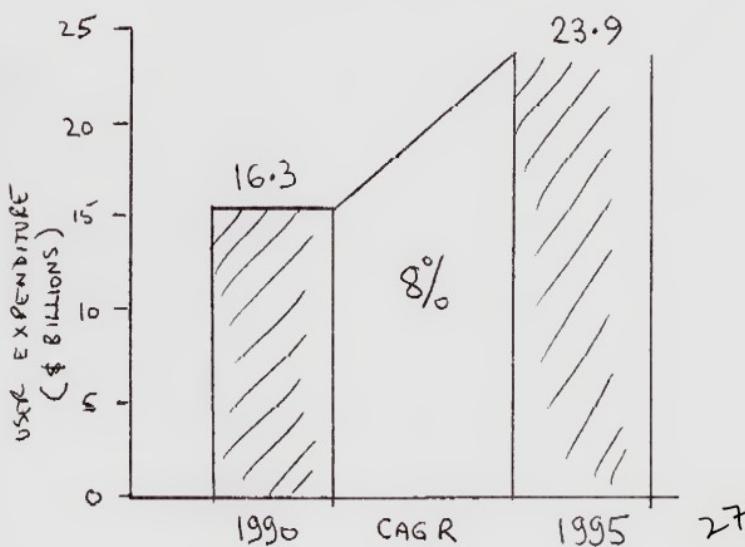
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CUSTOMER SERVICES MARKET GROWTH
1990 — 1995

1989 = \$15.1 BILLION

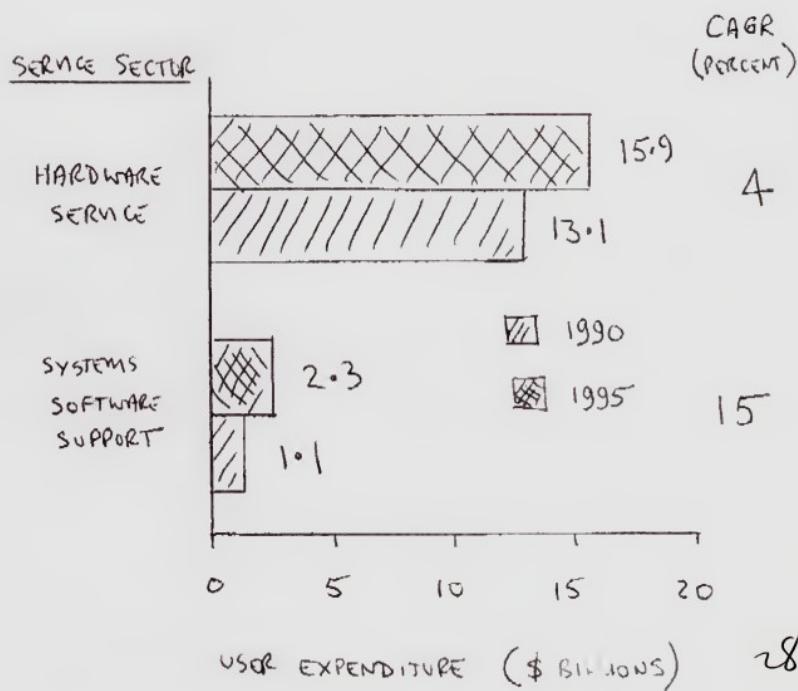




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CUSTOMER SERVICES MARKET

SERVICE SECTOR GROWTH 1990 - 1995

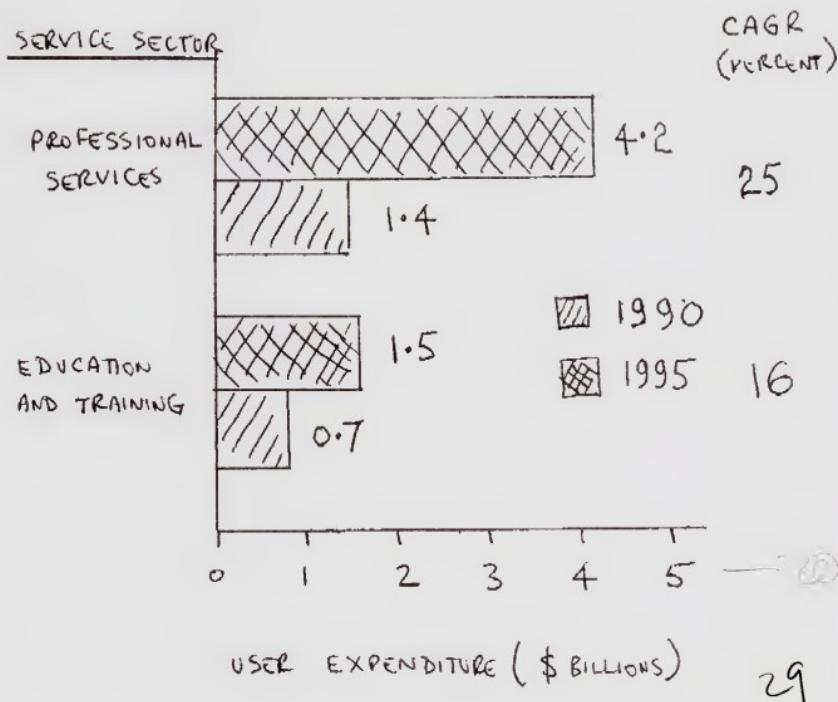




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CUSTOMER SERVICES MARKET

SERVICE SECTOR GROWTH 1990 - 1995

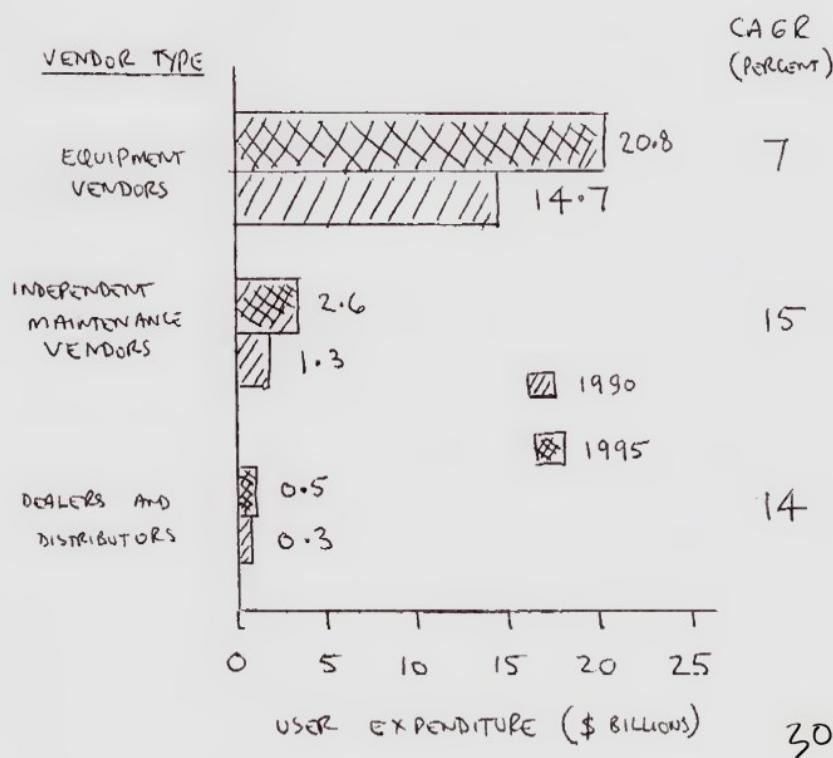




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CUSTOMER SERVICES MARKET

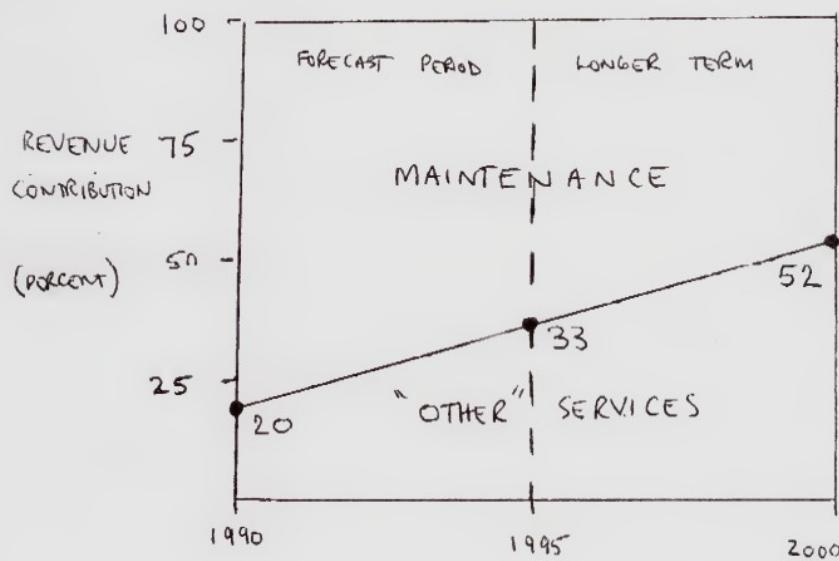
GROWTH BY VENDOR TYPE 1990-1995





CUSTOMER SERVICES

CHANGING EMPASIS

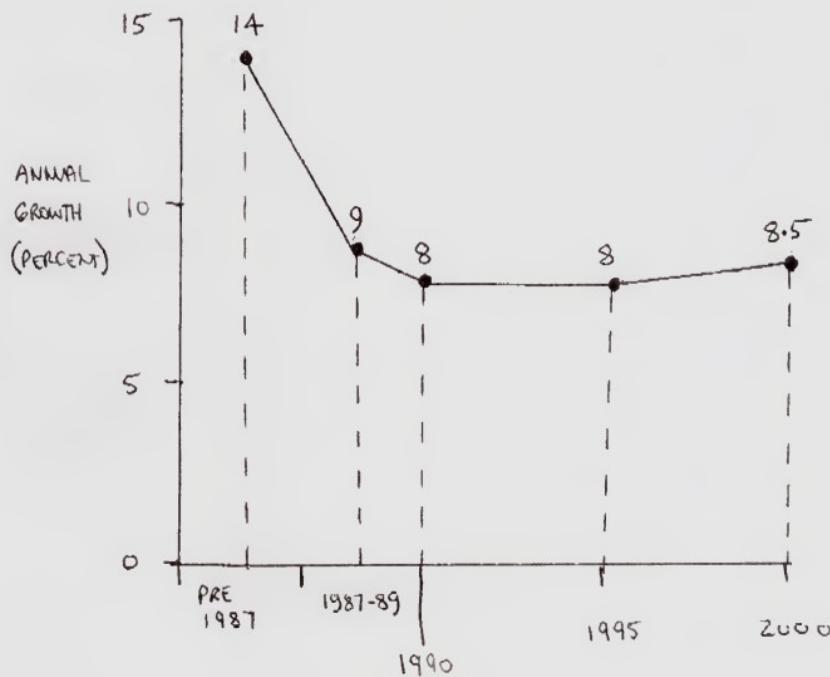


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CUSTOMER SERVICES MARKET
LONG TERM GROWTH



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